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## ANNUAL AUDITED REPORT

FORM X-17A-5

PART III

SEC Mail Processing

SEC FILE NUMBER
852535

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 10-01-2019 AND ENDING 09-30-2020  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Pension Dynamics Securities Corporation

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

2300 Contra Costa Blvd Suite 400

OFFICIAL USE ONLY

FIRM I.D. NO.

(No. and Street)

Pleasant Hill

CA

94523

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Melania Budiman

925-956-0505

(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Alvarez & Associates, Inc.

(Name - if individual, state last, first, middle name)

9221 Corbin Avenue, Suite 165 Northridge

CA

91324

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

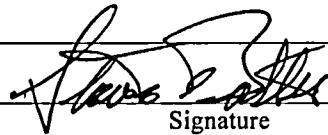
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (11-05)

Potential persons who are to respond to the collection of  
information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, Stephen J. Butler, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pension Dynamics Securities Corporation, as of September 30, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

  
\_\_\_\_\_  
Signature  
CEO  
\_\_\_\_\_  
Title

\_\_\_\_\_  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**CALIFORNIA JURAT WITH AFFIANT STATEMENT****GOVERNMENT CODE § 8202**☒ See Attached Document (Notary to cross out lines 1-6 below)☐ See Statement Below (Lines 1-6 to be completed only by document signer[s], not Notary)

1 \_\_\_\_\_  
2 \_\_\_\_\_  
3 \_\_\_\_\_  
4 \_\_\_\_\_  
5 \_\_\_\_\_  
6 \_\_\_\_\_

Signature of Document Signer No. 1 \_\_\_\_\_ Signature of Document Signer No. 2 (if any) \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of CONTRA COSTA

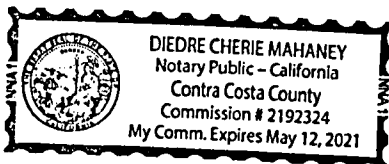
Subscribed and sworn to (or affirmed) before me

on this 23<sup>RD</sup> day of NOVEMBER, 2020,  
by \_\_\_\_\_ Date \_\_\_\_\_ Month \_\_\_\_\_ Year \_\_\_\_\_(1) STEPHEN J. BUTLER

(and (2) \_\_\_\_\_ ),

Name(s) of Signer(s)

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature Diedre Cherie Mahaney  
Signature of Notary Public

Seal  
Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_ Document Date: \_\_\_\_\_

Number of Pages: \_\_\_\_\_ Signer(s) Other Than Named Above: \_\_\_\_\_



**ALVAREZ & ASSOCIATES, INC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To Those Charged with Governance and the Stockholder's of Pension Dynamics Securities Corporation:

**Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Pension Dynamics Securities Corporation (the "Company") as of September 30, 2020, the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2020, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

**Supplemental Information**

The information contained in Schedules I and II ("Supplemental Information") has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The Supplemental Information is the responsibility of the Company's management. Our audit procedures included determining whether the Supplemental Information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the Supplemental Information. In forming our opinion on the Supplemental Information, we evaluated whether the Supplemental Information, including its form and content is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, Schedules I and II are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Alvarez & Associates, Inc.*

Alvarez & Associates, Inc.

We have served as the Company's auditor since 2018  
Northridge, California  
November 20, 2020

Chicago, Dallas, Los Angeles, New York, San Francisco, Seattle

9221 Corbin Avenue Suite 165  
Northridge, California 91324

800.848.0008

www.AAICPAs.com



**Pension Dynamics Securities Corporation**  
**Statement of Financial Condition**  
**September 30, 2020**

**Assets**

Cash	\$ 39,406
Commissions receivable	653
<b>Total assets</b>	<u><u>\$ 40,059</u></u>

**Liabilities and Stockholder's Equity**

**Liabilities**

Accounts Payable	\$ 3,794
<b>Total liabilities</b>	<u>3,794</u>

Commitments and contingencies

**Stockholder's equity**

Common stock, no par value, 10,000,000 shares authorized, 10,000 shares issued and outstanding.	72,600
Additional paid-in capital	3,100
Accumulated deficits	<u>(39,435)</u>
<b>Total stockholder's equity</b>	<u>36,265</u>
<b>Total liabilities and stockholder's equity</b>	<u><u>\$ 40,059</u></u>

The accompanying notes are an integral part of these financial statements.

**Pension Dynamics Securities Corporation**  
**Statement of Operations**  
**For The Year Ended September 30, 2020**

**Revenues**

Commission income	\$ 19,344
Management fee income	42,000
Other income	19
	<hr/>
<b>Total revenues</b>	<b>61,363</b>

**Expenses**

Commission and brokerage fees	20,446
Administrative services and occupancy	15,600
Other operating expenses	24,974
	<hr/>
<b>Total expenses</b>	<b>61,020</b>

<b>Net income (loss) before income tax provision</b>	<b>343</b>
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<b>Income tax provision</b>	<hr/> <b>800</b>
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<b>Net income (loss)</b>	<hr/> <b>\$ (457)</b>
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The accompanying notes are an integral part of these financial statements.

**Pension Dynamics Securities Corporation**  
**Statement of Changes in Stockholder's Equity**  
**For The Year Ended September 30, 2020**

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficits</u>	<u>Total</u>
<b>Balance at September 30, 2019</b>	\$ 72,600	\$ 3,100	\$ (38,978)	\$ 36,722
Net income (loss)	<u>-</u>	<u>-</u>	<u>(457)</u>	<u>(457)</u>
<b>Balance at September 30, 2020</b>	<u>\$ 72,600</u>	<u>\$ 3,100</u>	<u>\$ (39,435)</u>	<u>\$ 36,265</u>

The accompanying notes are an integral part of these financial statements.

**Pension Dynamics Securities Corporation**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2020**

<b>Cash flows from operating activities:</b>		
Net income (loss)	\$	(457)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in :		
Commissions receivable	\$	1,120
(Decrease) increase in :		
Accounts payable	<u>3,794</u>	
Total adjustments		<u>4,914</u>
Net cash provided by (used in) operating activities		4,457
Cash flows from investing activities		-
Cash flows from financing activities		<u>-</u>
Net increase (decrease) in cash		4,457
Cash at September 30, 2019		<u>34,949</u>
Cash at September 30, 2020		<u><u>\$ 39,406</u></u>

**Supplemental disclosure of cash flow information:**

Cash paid during the year for:

Interest	\$	-
Income taxes	\$	800

The accompanying notes are an integral part of these financial statements.



**Pension Dynamics Securities Corporation**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

Pension Dynamics Securities Corporation (the "Company") was incorporated in the State of California on September 17, 1999. The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934. The Company is a member of the Financial Industry Regulatory Authority ("FINRA").

The Company is engaged in business as a securities broker-dealer, that provides several classes of services, including those of a mutual fund retailer.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(i), the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

*Summary of Significant Accounting Policies*

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Commission income for the year ended September 30, 2020, consists of commissions earned from retailing mutual fund shares as well as associated trailing commissions.

Mutual fund share transactions are recorded on a trade date basis, including the related commission income and expense. At the trade date, the transaction price and expense are fixed or determinable; collection is reasonably assured; and the Company's performance obligations have been completed. The Company earns annual trailing commissions, which are recognized as the associated client relations duties are performed, generally in the accounting period received.

The Company shares its office space with its affiliate under the terms of an agreement, which is cancelable with reasonable notice. This agreement is not subject to ASC 842 under the short-term exemption. The Company records shared expenses monthly as billed.

**Pension Dynamics Securities Corporation**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

Management fee income represents administrative and other services performed on behalf of customers of Pension Dynamics Company LLC ("PDC"), a retirement and benefits plan provider. PDC is an affiliate of the Company, under common control. These services are performed on a fixed monthly fee basis under a contract with PDC covering substantially all PDC's customers. The Company invoices and recognizes management fee income as the related services are performed, generally monthly.

Commissions receivable represent accrued commissions earned during the fiscal year. An allowance for doubtful accounts is not considered necessary because probable uncollectible amounts are immaterial.

The Company accounts for its income taxes in accordance with FASB ASC 740, Income Taxes. This standard requires the establishment of a deferred tax asset or liability to recognize the future tax effects of transactions that have not been recognized for tax purposes, including taxable and deductible temporary differences as well as net operating loss and tax credit carryforwards, subject to probable realization. Deferred tax expenses or benefits are recognized as a result of changes in the tax basis of an asset or liability when measured against its reported amount in the financial statements.

**NOTE 2: INCOME TAXES**

The current and deferred portions of the income tax expense (benefit) included in the Statement of Operations as determined in accordance with FASB ASC 740 are as follows:

	Current	Deferred	Valuation Allowance	Total
Federal	\$ -	\$ 1,815	\$ (1,815)	\$ -
State	800	-	-	800
Total income taxes expense (benefit)	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 800</u>

The income tax provision indicated above consists of the California minimum tax of \$800. The Company has available at September 30, 2020, unused Federal net operating losses, which may be applied against future taxable income or carried back to offset previous taxable income, resulting in a deferred tax asset of approximately \$1,815. The net operating loss begins to expire in the year 2034.

A 100% valuation allowance has been established against this benefit since management cannot determine if it is more likely than not that the asset will be realized.

**Pension Dynamics Securities Corporation**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 3: RELATED-PARTY TRANSACTIONS**

The Company has a written expense-sharing agreement with Pension Dynamics Company LLC ("PDC"), for various operating costs. Equipment usage and office supplies are included in other operating expenses on the Statement of Operations. For the year ended September 30, 2020, the Company paid these costs under this agreement:

Equipment Usage	\$ 2,400
Administrative services and occupancy	22,800
Office supplies	<u>2,400</u>
	<u>\$ 27,600</u>

The Company's Commission income relates to customers referred by PDC. The Company's Management fee income also relates to PDC customers as described in Note 1. The Company has a month to month agreement with its affiliate for space leased by its affiliate. Under the agreement the Company paid \$15,600 which is included in occupancy expense on the Statement of Operations.

It is possible that the terms of certain of the related party transactions are not the same as those that would result for transactions among wholly unrelated parties.

**NOTE 4: COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Company could be threatened with, or named as a defendant in, lawsuits, arbitrations, and administrative claims. Such matters that are reported to regulators such as the SEC or FINRA and investigated by such regulators, may, if pursued, result in formal arbitration claims being filed against the Company and/or disciplinary action being taken against the Company by regulators. Any such claims or disciplinary actions that are decided against the Company could harm the Company's business. The Company is also subject to periodic regulatory audits and inspections which could result in fines or other disciplinary actions. Unfavorable outcomes, in such matters, may result in a material impact to the Company's financial position, statement of operations or cash flows. As of September 30, 2020, management is not aware of any commitments or contingencies that could have a material impact on the financial statements.

**Pension Dynamics Securities Corporation**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 5: SUBSEQUENT EVENTS**

The Company has evaluated events and transactions subsequent to the Statement of Financial Condition date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no such events or transactions that would have a material impact on its financial statements.

**NOTE 6: RECENTLY ISSUED ACCOUNTING STANDARDS**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which supersedes the existing guidance for lease accounting. ASU 2016-02 requires lessees to recognize leases with terms longer than 12 months on their statements of financial condition. It requires different patterns of recording lease expense for finance and operating leases. It also requires expanded lease agreement disclosures. Lessor accounting is largely unchanged. ASC Topic 842 is effective for the Company beginning with its year ended September 30, 2020. The Company's lease is month-to-month, consequently ASC Topic 842 is not expected to have a material impact on the Company's financial statements and related disclosures.

**NOTE 7: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Net capital and aggregate indebtedness change day to day, but on September 30, 2020, the Company had net capital of \$35,612 which was \$10,612 in excess of its required net capital of \$25,000; and the Company's ratio of aggregate indebtedness \$3,794 to net capital was .11 to 1.

**Pension Dynamics Securities Corporation**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to SEC Rule 15c3-1**  
**As of September 30, 2020**

**Computation of net capital**

Common stock	\$ 72,600	
Additional paid-in capital	3,100	
Accumulated deficits	(39,435)	
<b>Total stockholder's equity</b>	<u>          </u>	\$ 36,265

Less: Non-allowable commissions receivable	<u>653</u>	
<b>Total non-allowable assets</b>		<u>653</u>

**Net Capital** 35,612

**Computation of net capital requirements**

Minimum net capital requirement		
6 2/3 percent of net aggregate indebtedness	\$ 253	
Minimum dollar net capital required	<u>\$ 25,000</u>	
Net capital required (greater of above)		<u>25,000</u>
<b>Excess net capital</b>		<u>\$ 10,612</u>
Aggregate indebtedness		<u>\$ 3,794</u>

Ratio of aggregate indebtedness to net capital .11 : 1

There are no material differences between the preceding computation and the Company's corresponding unaudited Part IIA of Form X-17A-5 as of September 30, 2020.

**Pension Dynamics Securities Corporation**

**Schedule II - Computation for Determination of the Reserve Requirements and Information  
Relating to Possession or Control Requirements For Brokers and Dealers  
Pursuant to SEC Rule 15c3-3**

**As of September 30, 2020**

The Company is exempt from the provision of Rule 15c3-3 under paragraph (k)(2)(i) in that the Company carries no accounts, does not hold funds or securities for, or owe money or securities to customers. Accordingly, there are no items to report under the requirements of this Rule.



**ALVAREZ & ASSOCIATES, INC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To Those Charged with Governance and the Stockholder's of Pension Dynamics Securities Corporation:

We have reviewed management's statements, included in the accompanying Assertions Regarding Exemption Provisions, in which (1) Pension Dynamics Securities Corporation identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Pension Dynamics Securities Corporation claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(i) (the "exemption provisions") and (2) Pension Dynamics Securities Corporation stated that Pension Dynamics Securities Corporation met the identified exemption provisions throughout the year ended September 30, 2020 without exception. Pension Dynamics Securities Corporation's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Pension Dynamics Securities Corporation's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

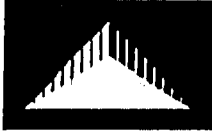
Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Alvarez & Associates, Inc.*

Alvarez & Associates, Inc.

Northridge, California  
November 20, 2020





**PENSION DYNAMICS**  
SECURITIES CORPORATION

## **Assertions Regarding Exemption Provisions**

We, as members of management of Pension Dynamics Securities Corporation ("the Company"), are responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer's designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of the Company hereby makes the following assertions:

### **Identified Exemption Provision:**

The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, Paragraph (k)(2)(i).

### **Statement Regarding Meeting Exemption Provision:**

The Company met the identified exemption provision without exception throughout the year end September 30, 2020.

Pension Dynamics Securities Corporation

By:

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Melania I Budiman, President